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BEFORE THE ARIZONA CORPORATION COMMISSION

2012 MAY -1 P 1:36

Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION
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IN THE MATTER OF THE APPLICATION OF
SEMSTREAM ARIZONA PROPANE, L.L.C. FOR
A HEARING TO DETERMINE THE FAIR VALUE
OF ITS PROPERTY FOR RATEMAKING
PURPOSES, TO FIX A JUST AND REASONABLE
RETURN THEREON AND TO APPROVE RATES
DESIGNED TO DEVELOP SUCH RETURN ON
ITS PAYSON DIVISION

Docket No. G-20471A-11-0150

**EXCEPTIONS TO
RECOMMENDED OPINION
AND ORDER**

SemStream Arizona Propane, LLC ("SemStream") has reviewed the recommended opinion and order ("ROO") of Administrative Law Judge Dwight D. Nodes dated April 23, 2012. SemStream supports the ROO and requests that the Commission approve it with a few minor typographical revisions as well as a slightly more substantive revision to address an inconsistency between the ROO and its Exhibit A. Counsel for SemStream has discussed these exceptions with Staff and believes it has no objection to them.

The primary requested change relates to an inconsistency between the multiple proposed after-hours charges referenced in the ROO and the single proposed After Hours Service Labor Charge shown in Exhibit A. At page 7 of the ROO, Finding 39 accurately states that Staff initially recommended two separate after-hours charges. However, following the filing of Staff's Direct Testimony, SemStream corresponded with Staff and received Staff's approval for a single hourly rate for after hours service of \$55 per hour. *See* Rebuttal Testimony of Douglas R. Mann, Exhibit A-2 at 3. Accordingly, SemStream suggests that page 7, line 23, of the ROO be revised

1 to eliminate the reference to the \$30 after-hours charge so that the sentence would read as
2 follows: "Staff recommends an after-hours labor charge of \$55.00 per hour; a re-establishment
3 of service charge of \$45.00; and a customer-requested meter test charge of \$35.00. (*Id.* at 6-7)."
4 This revision will also conform the Findings and the first Ordering Paragraph on page 14 with
5 the proposed service charges shown in Exhibit A to the ROO (specifically, DRM-7 (revised
6 4/10/12) showing an After Hours Service Labor Charge of "\$55.00").

7 The other proposed revisions address a few minor typographical errors.

8 First, Finding 21 refers to an April 10, 2012 Staff filing. However, the Notice of Filing
9 Post-Hearing Revised Exhibit was submitted by SemStream, not Staff. Therefore, SemStream
10 suggests that two of the references to "Staff" be replaced with references to "SemStream" and
11 that the last sentence of the Finding be deleted so that Finding 21, on pages 3-4 of the ROO,
12 would read as follows:

13 On April 10, 2012, SemStream filed a Notice of Filing Post-Hearing
14 Revised Exhibit. SemStream's revised schedule reflects Staff's
15 recommendation that the GS-1 General Propane Service class delivery
charge rate for residential and small commercial customers be set at
\$0.7907.


16 Second, Finding 29 on page 5, lines 20-22, discusses Staff's Direct Testimony regarding
17 cost of debt, equity cost and overall rate of return. However, the exhibit referenced on line 22 is
18 "Ex. A-1, at 8-9." Exhibit A-1 is a SemStream exhibit, not a Staff exhibit. Thus, SemStream
19 believes that the reference should be changed to "Ex. S-1, at 8-9."

20 Third, on page 8 of the ROO, there are two sets of Findings 41 and 42. The second
21 Finding 41 should be renumbered as Finding 43 and the subsequent paragraphs should be
22 renumbered accordingly.

1 Finally, the second Finding 41 on page 8, refers to an announcement made by
2 SemStream's ultimate parent company – SemGroup – on "August 11, 2011." According to
3 Staff's Direct Testimony, S-4 at 9, the announcement was made on August 31, 2011. Therefore,
4 SemStream suggest that the reference at line 17 to "August 11" be replaced with "August 31."
5 Also, SemStream believes that the citation at line 19 should be to "Ex. S-4, at 9" rather than "*Id.*
6 at 9" because the prior citation to which the "*Id.*" would refer is SemStream's Ex. A-2.

7 RESPECTFULLY SUBMITTED this 1st day of May, 2012.

8 GALLAGHER & KENNEDY, P.A.

9
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13 **Original and 13 copies** filed this
14 1st day of May, 2012, with:

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1 **Copies** of the foregoing delivered this
1st day of May, 2012, to:

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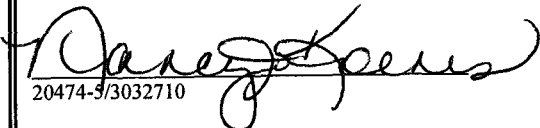
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